5 Culture Tips to Prepare for Successful Mergers

#1 Is there a unifying mission?

Make no mistake: A clear, compelling goal is the top predictor of a successful organization. In the merger deal, this is often not articulated it in terms employees can relate to – you have to get beyond general language like "growth" "synergy" and "asset compatibility."

People are compelled to excellence by the opportunity to win, pride, being associated with status, being part of a common tribe, and the opportunity to grow. You must show people how and why the two companies can win better together than apart – or "us versus them" will cast a shadow over the team long after the deal is signed. It must be both memorable and brief (5 words or less in our opinion).

Have the executives on both sides work together to build a story like "We're going to be #1 in our _______ (market). This is why we are the best in the marketplace and joining forces moves us a step closer." It has to have *your* passion and excitement behind it or it will never work.

#2 What should change and what should not change?

Often in an acquisition, it's best not to integrate everything. There's a tendency to assume for the sake of efficiency, that you have to all being doing processes the same way. Clearly there are some processes (such as those having to do with customer interface or selling) that need to be aligned. But background practices like how we conduct meetings, what values we hold near and dear, or how we answer the phone – think hard about forcing sameness. Sometimes you'll find that if you focus on common mission and consistency in the customer experience, having diversity is good and eventually people will adopt what works best – an organic blending.

One client called it "making our red and their blue equal purple." Allowing for creativity, personal expression, and some outlier behavior not only improves innovation and the flow of ideas – but it sends the message "it's okay to be yourself" and that helps people on the acquired side of the house like they count – sort of a welcome mat concept.

#3 What is the right level of transparency before the deal is done?

Reality TV, the internet and bad corporate behavior has killed secrets. In today's business world, it is disrespectful *not* to tell adults when a change is underway that will impact them. If you think people don't know it's happening, think again. Legal is legal, but your employees have the right to know before the media.

People are fearful and anxious during a merger or sale – on both sides. Your job is to manage the communication to *dispel* fears and keep people focused – or live with the consequences of the rumor mill as your communication vehicle.

Making the "sale" part of your strategy can be motivating to people: The best job security is being *great*. Transparency builds trust – when people feel control over the process and are treated with fairness, goodness happens. A manufacturing plant in the Midwest told employees 18 months before closure that it was happening. During that time employees improved productivity 100%. It had everything to do with how the communication was managed – ie, how included and respected people felt.

Formulate talking points for what you do know and what you don't know or can't say. It's a given you can't disclose everything – but telling them nothing is worse.

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Colorado: 303-904-8193
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#4 What accountability and decision authorities will each side retain after the merger?

Ego and emotions are high during a sale. Removing them from the equation is difficult, especially for an owner who has built his entire identity around being the founder and CEO. In a pure merger, decision rights is a safe conversation to clarify what often becomes a power struggle. In advance, the two "top leaders" and a handful of other constituents spell out "What are the most important decisions we will make in the first 6 months after the deal - … who will make them … and what is the process by which they will be made." Without this in place, employees are massively confused and you'll lose traction and productivity.

This discussion alone can save deals and build the ROI you hoped for. Often, it's also about coaching/ helping the seller/owner envision his future without this role.

In an acquisition the territory is more seller liability than decision rights. In a private equity deal, see "merger" advice above.

#5 Where do the strategies and cultures align, and where do they diverge?

Remember the "sale" is not just closing the financial deal – it's closing the employees of the new combined entity. Selling to them is an emotional job, not a fact-dump. You have to show them how the merger/sale will set the "new company" up to win, and the benefit to the disruption of their daily lives so they can let go of the fear, anxiety and feelings of loss sooner. Moving on is about moving up!

After the sale is closed, develop a short one-page "On Becoming One" primer, and for the first month organize dialogue groups between leaders and employees answers questions like:

- How will this help us win in the market?
- What is our "combined" value proposition?
- What will change about our customers and how we sell and service them?
- What are employee's questions? Ask them.

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